

**HOLDING THE CURRENT REGIME IN IRAN
ACCOUNTABLE FOR ITS THREATENING BEHAVIOR
AND SUPPORTING A TRANSITION TO
DEMOCRACY IN IRAN**

MARKUP

BEFORE THE
SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA
OF THE

COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

ON

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**HOLDING THE CURRENT REGIME IN IRAN
ACCOUNTABLE FOR ITS THREATENING
BEHAVIOR AND SUPPORTING A
TRANSITION TO DEMOCRACY IN IRAN**

WEDNESDAY, APRIL 13, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 12:03 p.m. in room 2255, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (Chair of the Subcommittee) presiding.

Ms. ROS-LEHTINEN. This meeting will now come to order. Thank you so much, all of the Members, for being so great about coming.

Pursuant to notice, I call up the bill, H.R. 282, a bill to hold the current regime in Iran accountable for its threatening behavior and to support a transition to democracy in Iran for purposes of mark-up and move its recommendation to the Full Committee. Without objection, the bill will be considered as read and open for amendments at any point.

[The bill, H.R. 282, follows:]

109TH CONGRESS
1ST SESSION

H. R. 282

To hold the current regime in Iran accountable for its threatening behavior
and to support a transition to democracy in Iran.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2005

Ms. ROS-LEHTINEN (for herself, Mr. LANTOS, Mr. CHABOT, Mr. BERMAN, Mr. CANTOR, Mr. ACKERMAN, Mr. ANDREWS, Mr. BACHUS, Ms. BERKLEY, Mrs. BIGGERT, Mr. BOEHLERT, Mr. BURTON of Indiana, Mr. CHANDLER, Mr. COX, Mr. CROWLEY, Mrs. JO ANN DAVIS of Virginia, Mr. LINCOLN DIAZ-BALART of Florida, Mr. MARIO DIAZ-BALART of Florida, Mr. ENGEL, Mr. FALEOMAVAEGA, Mr. FOLEY, Mr. GARRETT of New Jersey, Mr. GREEN of Wisconsin, Ms. HARRIS, Mr. ISRAEL, Mr. JOHNSON of Illinois, Mr. KIRK, Mr. LARSEN of Washington, Mr. MCCOTTER, Mr. MENENDEZ, Mr. MICA, Mrs. MYRICK, Mr. NADLER, Mr. NORWOOD, Mr. NUNES, Mr. PENCE, Mr. PLATTS, Mr. PORTER, Mr. ROTHMAN, Mr. ROHRABACHER, Mr. RYAN of Wisconsin, Mr. SAXTON, Mr. SHERMAN, Mr. SHIMKUS, Mr. SMITH of New Jersey, Mr. SOUDER, Mr. SULLIVAN, Mr. TANCREDO, Mr. WELLER, Mr. WEXLER, and Mr. WILSON of South Carolina) introduced the following bill; which was referred to the Committee on International Relations

A BILL

To hold the current regime in Iran accountable for its threatening behavior and to support a transition to democracy in Iran.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Iran Freedom Support
3 Act”.

4 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—CODIFICATION OF SANCTIONS AGAINST IRAN

Sec. 101. Codification of sanctions.

TITLE II—AMENDMENTS TO THE IRAN AND LIBYA SANCTIONS
ACT OF 1996

Sec. 201. Multilateral regime.

Sec. 202. Imposition of sanctions.

Sec. 203. Termination of sanctions.

Sec. 204. Sunset.

Sec. 205. Clarification and expansion of definitions.

TITLE III—DEMOCRACY IN IRAN

Sec. 301. Declaration of Congress regarding United States policy toward Iran.

Sec. 302. Assistance to support democracy in Iran.

Sec. 303. Sense of Congress regarding designation of democratic opposition or-
ganizations.

5 **TITLE I—CODIFICATION OF**
6 **SANCTIONS AGAINST IRAN**

7 **SEC. 101. CODIFICATION OF SANCTIONS.**

8 (a) CODIFICATION OF SANCTIONS RELATED TO
9 WEAPONS OF MASS DESTRUCTION.—United States sanc-
10 tions, controls, and regulations relating to weapons of
11 mass destruction with respect to Iran, as in effect on the
12 date of enactment of this Act, shall remain in effect, until
13 the President certifies to the Committee on International
14 Relations of the House of Representatives and the Com-
15 mittee on Foreign Relations of the Senate that the Gov-
16 ernment of Iran has permanently and verifiably disman-

1 tled its weapons of mass destruction programs and has
 2 committed to combating the proliferation of such weapons.

3 (b) NO EFFECT ON OTHER SANCTIONS RELATING TO
 4 SUPPORT FOR ACTS OF INTERNATIONAL TERRORISM.—
 5 Notwithstanding a certification by the President under
 6 subsection (a), United States sanctions, controls, and reg-
 7 ulations relating to a determination under section
 8 6(j)(1)(A) of the Export Administration Act of 1979 (50
 9 U.S.C. App. 2405(j)(1)(A)), section 620A(a) of the For-
 10 eign Assistance Act of 1961 (22 U.S.C. 2371(a)), or sec-
 11 tion 40(d) of the Arms Export Control Act (22 U.S.C.
 12 2780(d)) relating to support for acts of international ter-
 13 rorism by the Government of Iran, as in effect on the date
 14 of the enactment of this Act, shall remain in effect.

15 **TITLE II—AMENDMENTS TO THE**
 16 **IRAN AND LIBYA SANCTIONS**
 17 **ACT OF 1996**

18 **SEC. 201. MULTILATERAL REGIME.**

19 (a) REPORTS TO CONGRESS.—Section 4(b) of the
 20 Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701
 21 note) is amended to read as follows:

22 “(b) REPORTS TO CONGRESS.—Not later than six
 23 months after the date of the enactment of the Iran Free-
 24 dom Support Act and every six months thereafter, the
 25 President shall submit to the appropriate congressional

1 committees a report regarding specific diplomatic efforts
2 undertaken pursuant to subsection (a), the results of those
3 efforts, and a description of proposed diplomatic efforts
4 pursuant to such subsection. Each report shall include—

5 “(1) a list of the countries that have agreed to
6 undertake measures to further the objectives of sec-
7 tion 3 with respect to Iran;

8 “(2) a description of those measures,
9 including—

10 “(A) government actions with respect to
11 public or private entities (or their subsidiaries)
12 located in their territories, that are engaged in
13 Iran;

14 “(B) any decisions by the governments of
15 these countries to rescind or continue the provi-
16 sion of credits, guarantees, or other govern-
17 mental assistance to these entities; and

18 “(C) actions taken in international fora to
19 further the objectives of section 3;

20 “(3) a list of the countries that have not agreed
21 to undertake measures to further the objectives of
22 section 3 with respect to Iran, and the reasons
23 therefor; and

24 “(4) a description of any memorandums of un-
25 derstanding, political understandings, or inter-

1 national agreements to which the United States has
2 acceded which affect implementation of this section
3 or section 5(a).”.

4 (b) WAIVER.—Section 4(c) of such Act (50 U.S.C.
5 1701 note) is amended to read as follows:

6 “(c) WAIVER.—

7 “(1) IN GENERAL.—The President may, on a
8 case by case basis, waive for a period of not more
9 than six months the application of section 5(a) with
10 respect to a national of a country, if the President
11 certifies to the appropriate congressional committees
12 at least 30 days before such waiver is to take effect
13 that—

14 “(A) such waiver is vital to the national se-
15 curity of the United States; and

16 “(B) the country of the national has un-
17 dertaken substantial measures to prevent the
18 acquisition and development of weapons of mass
19 destruction by the Government of Iran.

20 “(2) SUBSEQUENT RENEWAL OF WAIVER.—If
21 the President determines that such is appropriate,
22 the President may, at the conclusion of the period
23 of a waiver under paragraph (1), renew such waiver
24 for a subsequent period of not more than six
25 months.”.

1 (c) INVESTIGATIONS.—Section 4 of such Act (50
2 U.S.C. 1701 note) is amended by adding at the end the
3 following new subsection:

4 “(f) INVESTIGATIONS.—

5 “(1) IN GENERAL.—Upon public or private dis-
6 closure of activity related to investment in Iran by
7 a person as described in this Act, the President shall
8 direct the Secretary of the Treasury to initiate an
9 investigation into the possible imposition of sanc-
10 tions against such person as a result of such activ-
11 ity, to notify such person of such investigation, and
12 to provide a recommendation to the President for
13 such purposes.

14 “(2) DETERMINATION AND NOTIFICATION.—
15 Not later than 90 days after the date of the disclo-
16 sure of the activity described in paragraph (1), the
17 President shall determine whether or not to impose
18 sanctions against such person as a result of such ac-
19 tivity and shall notify the appropriate congressional
20 committees of the basis for such determination.

21 “(3) PUBLICATION.—Not later than 10 days
22 after the President notifies the appropriate congres-
23 sional committees under paragraph (2), the Presi-
24 dent shall ensure publication in the Federal Register
25 of—

1 “(A) the identification of the persons
2 against which the President has made a deter-
3 mination that the imposition of sanctions is ap-
4 propriate, together with an explanation for such
5 determination; and

6 “(B) the identification of the persons
7 against which the President has made a deter-
8 mination that the imposition of sanctions is not
9 appropriate, together with an explanation for
10 such determination.”.

11 **SEC. 202. IMPOSITION OF SANCTIONS.**

12 (a) SANCTIONS WITH RESPECT TO DEVELOPMENT
13 OF PETROLEUM RESOURCES.—Section 5(a) of the Iran
14 and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note)
15 is amended—

16 (1) in the heading, by striking “to Iran” and
17 inserting “to the Development of Petroleum Re-
18 sources of Iran”;

19 (2) by striking “(6)” and inserting “(5)”; and

20 (3) by striking “with actual knowledge.”.

21 (b) SANCTIONS WITH RESPECT TO DEVELOPMENT
22 OF WEAPONS OF MASS DESTRUCTION OR OTHER MILI-
23 TARY CAPABILITIES.—Section 5(b) of such Act (50 U.S.C.
24 1701 note) is amended to read as follows:

1 “(b) MANDATORY SANCTIONS WITH RESPECT TO
2 DEVELOPMENT OF WEAPONS OF MASS DESTRUCTION OR
3 OTHER MILITARY CAPABILITIES.—Notwithstanding any
4 other provision of law, the President shall impose two or
5 more of the sanctions described in paragraphs (1) through
6 (5) of section 6 if the President determines that a person
7 has, on or after the date of the enactment of this Act,
8 exported, transferred, or otherwise provided to Iran any
9 goods, services, technology, or other items the provision
10 of which has contributed to the ability of Iran to—

11 “(1) acquire or develop chemical, biological, or
12 nuclear weapons or related technologies; or
13 “(2) acquire or develop destabilizing numbers
14 and types of advanced conventional weapons.”.

15 (c) PERSONS AGAINST WHICH THE SANCTIONS ARE
16 TO BE IMPOSED.—Section 5(c)(2) of such Act (50 U.S.C.
17 1701 note) is amended—

18 (1) in subparagraph (B), by striking “or” at
19 the end;

20 (2) in subparagraph (C), by striking the period
21 at the end and inserting “; or”; and

22 (3) by adding at the end the following new sub-
23 paragraph:

24 “(D) is a private or government lender, in-
25 surer, underwriter, re-insurer, or guarantor of

1 the person referred to in paragraph (1) if that
 2 private or government lender, insurer, under-
 3 writer, re-insurer, or guarantor, with actual
 4 knowledge, engaged in the activities referred to
 5 in paragraph (1).”.

6 (d) EFFECTIVE DATE.—Sanctions imposed pursuant
 7 to the amendments made by this section shall apply with
 8 respect to investments made in Iran on or after the date
 9 of the enactment of this Act.

10 **SEC. 203. TERMINATION OF SANCTIONS.**

11 (a) REMOVAL OF LIBYA.—Section 8 of the Iran and
 12 Libya Sanctions Act 1996 (50 U.S.C. 1701 note) is
 13 amended—

14 (1) in subsection (a), by striking the subsection
 15 designation and heading; and

16 (2) by striking subsection (b).

17 (b) NO THREAT POSED.—Such section, as amended
 18 by subsection (a), is further amended—

19 (1) in paragraph (1)(C), by striking “and” at
 20 the end;

21 (2) in paragraph (2), by striking the period at
 22 the end and inserting “; and”; and

23 (3) by adding at the end the following new
 24 paragraph:

1 “(3) poses no threat to United States national
2 security, interests, or allies.”.

3 **SEC. 204. SUNSET.**

4 Section 13 of the Iran and Libya Sanctions Act of
5 1996 (50 U.S.C. 1701 note) is amended—

6 (1) in the section heading, by striking “; **SUN-**
7 **SET**”;

8 (2) in subsection (a), by striking the subsection
9 designation and heading; and

10 (3) by striking subsection (b).

11 **SEC. 205. CLARIFICATION AND EXPANSION OF DEFINI-**
12 **TIONS.**

13 (a) **PERSON.**—Section 14(14)(B) of the Iran and
14 Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is
15 amended—

16 (1) by inserting after “trust” the following:
17 “, financial institution, insurer, underwriter, re-in-
18 surer, guarantor”; and

19 (2) by striking “operating as a business enter-
20 prise”.

21 (b) **PETROLEUM RESOURCES.**—Section 14(15) of the
22 Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701
23 note) is amended by inserting after “petroleum” the fol-
24 lowing: “, petroleum by-products,”.

1 **TITLE III—DEMOCRACY IN IRAN**

2 **SEC. 301. DECLARATION OF CONGRESS REGARDING**
3 **UNITED STATES POLICY TOWARD IRAN.**

4 Congress declares that it should be the policy of the
5 United States to support independent human rights and
6 pro-democracy forces in Iran.

7 **SEC. 302. ASSISTANCE TO SUPPORT DEMOCRACY IN IRAN.**

8 (a) **AUTHORIZATION.**—The President is authorized to
9 provide financial and political assistance (including the
10 award of grants) to foreign and domestic individuals, orga-
11 nizations, and entities that support democracy and the
12 promotion of democracy in Iran and that are opposed to
13 the non-democratic Government of Iran. Such assistance
14 may include the award of grants to eligible independent
15 pro-democracy radio and television broadcasting organiza-
16 tions that broadcast into Iran.

17 (b) **ELIGIBILITY FOR ASSISTANCE.**—Financial and
18 political assistance under this section may be provided to
19 an individual, organization, or entity that—

- 20 (1) officially opposes the use of terrorism;
- 21 (2) advocates the adherence by Iran to non-
- 22 proliferation regimes for nuclear, chemical, and bio-
- 23 logical weapons and materiel;

1 (3) is dedicated to democratic values and sup-
2 ports the adoption of a democratic form of govern-
3 ment in Iran;

4 (4) is dedicated to respect for human rights, in-
5 cluding the fundamental equality of women;

6 (5) works to establish equality of opportunity
7 for people; and

8 (6) supports freedom of the press, freedom of
9 speech, freedom of association, and freedom of reli-
10 gion.

11 (c) FUNDING.—The President may provide assistance
12 under this section using—

13 (1) funds available to the Middle East Partner-
14 ship Initiative (MEPI), the Broader Middle East
15 and North Africa Initiative, and the National En-
16 dowment for Democracy (NED); and

17 (2) amounts made available pursuant to the au-
18 thorization of appropriations under subsection (g).

19 (d) NOTIFICATION.—Not later than 15 days before
20 each obligation of assistance under this section, and in ac-
21 cordance with the procedures under section 634A of the
22 Foreign Assistance Act of 1961 (22 U.S.C. 2394–1), the
23 President shall notify the Committee on International Re-
24 lations and the Committee on Appropriations of the House

1 of Representatives and the Committee on Foreign Rela-
2 tions and the Committee on Appropriations of the Senate.

3 (e) SENSE OF CONGRESS REGARDING COORDINA-
4 TION OF POLICY AND APPOINTMENT.—It is the sense of
5 Congress that in order to ensure maximum coordination
6 among Federal agencies, if the President provides the as-
7 sistance under this section, the President should appoint
8 an individual who shall—

9 (1) serve as special assistant to the President
10 on matters relating to Iran; and

11 (2) coordinate among the appropriate directors
12 of the National Security Council on issues regarding
13 such matters.

14 (f) SENSE OF CONGRESS REGARDING DIPLOMATIC
15 ASSISTANCE.—It is the sense of Congress that—

16 (1) contacts should be expanded with opposition
17 groups in Iran that meet the criteria under sub-
18 section (b);

19 (2) support for a transition to democracy in
20 Iran should be expressed by United States rep-
21 resentatives and officials in all appropriate inter-
22 national fora;

23 (3) representatives of the Government of Iran
24 should be denied access to all United States Govern-
25 ment buildings;

1 (4) efforts to bring a halt to the nuclear weap-
2 ons program of Iran, including steps to end the sup-
3 ply of nuclear components or fuel to Iran, should be
4 intensified, with particular attention focused on the
5 cooperation regarding such program—

6 (A) between the Government of Iran and
7 the Government of the Russian Federation; and

8 (B) between the Government of Iran and
9 individuals from China, Malaysia, and Pakistan,
10 including the network of Dr. Abdul Qadeer (A.
11 Q.) Khan; and

12 (5) officials and representatives of the United
13 States should—

14 (A) strongly and unequivocally support in-
15 digenous efforts in Iran calling for free, trans-
16 parent, and democratic elections; and

17 (B) draw international attention to viola-
18 tions by the Government of Iran of human
19 rights, freedom of religion, freedom of assem-
20 bly, and freedom of the press.

21 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
22 authorized to be appropriated to the Department of State
23 such sums as may be necessary to carry out this section.

1 **SEC. 303. SENSE OF CONGRESS REGARDING DESIGNATION**
2 **OF DEMOCRATIC OPPOSITION ORGANIZA-**
3 **TIONS.**

4 (a) INITIAL DESIGNATION.—It is the sense of Con-
5 gress that, not later than 90 days after the date of the
6 enactment of this Act, the President should designate at
7 least one democratic opposition organization as eligible to
8 receive assistance under section 302.

9 (b) NOTIFICATION REQUIREMENT.—Not later than
10 15 days before designating a democratic opposition orga-
11 nization as eligible to receive assistance under section 302,
12 the President shall notify the Committee on International
13 Relations and the Committee on Appropriations of the
14 House of Representatives and the Committee on Foreign
15 Relations and the Committee on Appropriations of the
16 Senate of the proposed designation. If the President deter-
17 mines that such is appropriate, such notification may be
18 in classified form.

○

Ms. ROS-LEHTINEN. I am going to make some opening statements and recognize our Members for opening statements as well. I am going to talk fast and make it quick because folks have a busy schedule.

Iran is the full ticket. It has medium- and long-range missile programs. It is believed to have chemical and biological weapons programs. It is pursuing nuclear capabilities. It remains the most active state sponsor of terrorism in the world.

At a recent hearing of this Subcommittee entitled "Iran: A Quarter Century of State-Sponsored Terror," we heard from victims of Iranian terror. Witnesses included Americans held hostage by the Iranians in 1979 and families of the victims of the 1983 Iran-sponsored terrorist attack against our Marine barracks in Beirut.

Major Steven Kirtley, a former hostage in Iran, highlighted that inaction appears to only embolden the Iranian regime to further its actions and efforts.

Ms. Lynn Smith Derbyshire, sister of Marine Captain Vince Smith, the highest ranking officer killed in the Beirut attack, stated that in order to deter more crimes of terrorism there must be serious consequences. We have not held them accountable for their crimes, she said, so they continue to build bombs, and they continue to murder and maim our loved ones.

So, to address the Iranian threat, particularly its pursuit of more deadly weapons and its support of international terrorism, as well as to help further the efforts of dissidents and pro-democracy advocates in Iran, Mr. Ackerman and I introduced H.R. 282.

We were joined in this endeavor by our distinguished colleagues, including Mr. Lantos, our Full Committee Ranking Member; Mr. Chabot, our Subcommittee Vice Chair; Mr. Cantor, the Deputy Chief Majority Whip; and our distinguished colleague on the Subcommittee, Mr. Berman.

Mr. Ackerman and I are pleased to announce that our bill, H.R. 282, enjoys the support of over 140 bipartisan co-sponsors, including a significant majority of Members of our International Relations Committee and virtually all of our Subcommittee membership.

As you know, H.R. 282 codifies existing U.S. sanctions on the Iranian regime and with respect to Iran strengthens the Iran-Libya Sanctions Act, closes loopholes, expands definitions, tightens the enforcement provisions of the original bill.

We will be offering a series of amendments en block. Those amendments that Mr. Ackerman and I have been working on include the input and recommendations from the lead co-sponsors of the bill.

The amendments build on the introduced bill by requiring an immediate determination on any pending investigations of ILSA violations. They close the loophole on foreign subsidiaries of U.S. companies to ensure that the sanctions of all United States dealings with the Iranian regime apply to foreign subsidiaries.

It expresses the sense of Congress that all U.S. Government pension funds and other similar funds should divest from existing investment in companies subject to ILSA sanctions and should not enter into any future investment in such entities.

The amendments require managers of these public and private pension plans and mutual funds to notify investors that the funds are invested in entities that are subject to ILSA sanctions because of their activities in Iran's energy sector, and the amendments call for a series of public reports documenting all companies subject to ILSA sanctions since the enactment of the original ILSA in 1996.

Lastly, it calls for a series of diplomatic efforts to curtail Iranian terrorism and proliferation activities, including a U.N. Security Council resolution requiring unrestricted access for inspectors from the International Atomic Energy Agency to Iran's nuclear-related facilities, and if Iran does not comply, it calls for the U.S. permanent representative to the U.N. to seek support for a resolution calling for sanctions against the Iranian regime.

The amendments also build on existing prohibitions in the Foreign Assistance Act regarding state sponsors of terrorism. They call for the withholding of U.S. assistance to countries that are directly, or through their commercial entities, helping Iran by investing in its energy sector. These investments run contrary to U.S. national security interests, provide the Iranian regime with much needed currency to support international terrorism, and develop its missile and unconventional weapons program.

The en block amendment therefore defines investment in Iran's energy sector as assistance to the Iranian regime and holds U.S. foreign aid recipients accountable for such efforts. Further, minor technical and conforming changes are included in the en block amendment.

I would like to recognize Mr. Ackerman for his opening statement. Mr. Ackerman?

Mr. ACKERMAN. Thank you very much, Madam Chair, for scheduling today's markup and for the extraordinary bipartisan way in which you reach across the aisle to conduct the business of our Committee.

As I said at the Subcommittee's Iran hearing last February, it seems to me that Iran has long been a problem in search of a policy. The bill before us today speaks to the frustration that many of us have in our efforts to stop Iran's nuclear program and its support of international terrorism, not to mention the oppression of its own people, have been largely unsuccessful.

Since 1996, the Iran-Libya Sanctions Act has been law, although no one has ever been sanctioned under it. Instead, we have a grand bargain with our European and Japanese friends. If they will pretend to take our concerns about Iran seriously, we will pretend to enforce our laws. In the meantime, Iran inches ever closer to acquiring a nuclear weapon.

The Iran Freedom Support Act makes a number of changes designed to put more teeth to ILSA. First, it codifies our current sanctions regime against Iran. Second, it requires more detailed reporting from the President regarding our efforts to establish a multilateral sanctions regime against Iran.

Third, it raises the standard that the President must meet before he can waive sanctions. Fourth, it sets out a timeframe within which the Secretary of the Treasury must investigate suspected investment in Iran. And lastly, the bill provides assistance to groups that support democracy in Iran.

All of these are worthwhile changes and, with luck, will force the President to actually make a determination the next time there is a suspected investment in Iran's petroleum sector.

I would like to draw our colleagues' attention to a particular provision that the Chair has highlighted, and that will be the managers' amendment offered by the Chair. The language regarding pension plans and mutual funds requires the managers of such funds to notify investors if any of the assets of a particular fund are invested in an entity which has invested in Iran and may be subject to the sanctions under ILSA. The President would be required to list in the Federal Register those entities that may be subject to ILSA sanctions.

The provision does not require immediate divestment of those assets, but it does encourage fund managers to divest and further urges that no future investments be made in entities that invest in Iran's petroleum sector.

I think this is a reasonable provision that makes clear Congress' concern that Americans, simply by contributing to their 401[k]s, may be unwittingly fueling Iran's drive to acquire nuclear weapons.

I want to again thank the Chair for the opportunity to work closely across the aisle and the way she has approached work on this amendment and the bill in general. And I urge all of our colleagues to support the amendment to be offered by the Chair, as well as the bill.

Thank you, Madam Chair.

Ms. ROS-LEHTINEN. Thank you. I know that so many Members have pressing items on their schedule, so I would encourage you to put your statements in the record, but I would not want to put a gag order on you.

Mr. Engel?

Mr. ENGEL. Thank you, Madam Chair. I will be very, very brief. I want to commend you and Mr. Ackerman for introducing this legislation. Just the way you and I have introduced legislation with regard to Syria, Iran is certainly another major threat in the region.

If you look at Hezbollah in Lebanon, southern Lebanon, fighting a proxy war against Israel for the Syrian regime, that group, that terrorist organization, is funded by Iran. So Iran and Syria are arm-in-arm in terms of supporting terrorism in the Middle East, in support of destabilizing the Middle East, and if our European allies do not develop a backbone, we in the Congress will start the backbone and hopefully we will have it here strongly in the United States and it will spread throughout the world.

So I want to just commend you and Mr. Ackerman for this legislation.

Ms. ROS-LEHTINEN. Thank you so much.

Mr. ENGEL. I strongly support it.

Ms. ROS-LEHTINEN. Thank you, Mr. Engel.

Mr. Issa?

Mr. ISSA. Thank you, Madam Chair. I also want to commend you and the Ranking Member for putting forth this legislation. I support it.

I have just recently spent the entire March recess break in the Middle East, and I can see the effects of democracy as they are

fledgling, but beginning to come out. And it is this kind of effort and consistent pressure that will do so.

Last, but not least, although I see and have been in Libya to see signs that there may be changes going on there, I would ask that we all think and remember on the record the statement of Ronald Reagan: "You trust, but verify."

Thank you, Madam Chair.

Ms. ROS-LEHTINEN. Amen. Thank you.

Mr. Berman?

Mr. BERMAN. I will speak loudly. I want to congratulate you for putting together this bill, Madam Chair. I am happy to be a co-sponsor of it.

In the original ILSA we passed, we created this dynamic to essentially try and move to an extra-territorial level our sanctions. We have had sanctions on Iran for a very long time. This is not a debate about these sanctions, unilateral sanctions. ILSA is an effort to try and get other countries and entities in other countries to understand there is a price to pay for investing in Iran's energy sector.

Originally, when it passed, it had some positive effects. It killed some investments. There were some waivers, but at least the waivers were subject to discussion and controversy and the Administration has to think a lot about issuing a waiver simply [inaudible].

But then what happened is it started to happen in the previous Administration—this Administration has continued it—is they just do not go out and make any determinations, so, in effect, the Government never finds that these investments are made in the Iranian energy sector. And therefore, not having found them, there is no decision about imposing sanctions or providing a waiver.

What you have done here with this bill is create a mechanism which forces the issue. It requires you to go make a determination when you have information you believe such investments in the energy sector are being made while the waiver authority continues, and then probably the Administration should have that flexibility, at least they have to confront the issue and get a—

Ms. ROS-LEHTINEN. And give an explanation.

Mr. BERMAN [continuing]. Sense of how serious people really are.

So, again, this is not unilateral sanctions. I know it is controversial because it is an effort to get subsidiaries of U.S. companies and other countries and entities in other countries who want to do business with the United States, and a lot of them, lucrative as investment in Iran may be, losing their chance to do business with U.S. companies may be a higher price to pay. This will have a deterrent effect.

Then the only other issue I want to talk about is, it is well worth pursuing the negotiations track with the Ambassadors for the three European countries that have a verifiable [inaudible] the Iranian adverse development enrichment, uranium enrichment cycle, and then to that nuclear program.

The sanctions approach will be the next step. So I think this has a complementary effect on the efforts of the Administration to try to make the Europeans to try to [inaudible].

Ms. ROS-LEHTINEN. Thank you, Howard. I agree. And it gives us the leverage that we need to get cooperation from our allies to

make sure that we can put an end to Iranian terrorism and proliferation.

If there are no other statements, we would like to move on to our markup. Thank you so much.

We have a series of amendments at the desk which all of the Members have before them. I ask unanimous consent that they be considered en block and be considered as read. The clerk will designate the amendment.

Mr. RICKMAN. Amendments offered by Ms. Ros-Lehtinen to H.R. 282.

[The information referred to follows:]

AMENDMENT TO H.R. 282
OFFERED BY MS. ROS-LEHTINEN OF FLORIDA
(and Mr. Ackerman of New York)

Page 5, line 21, strike “such is appropriate” and insert “, in accordance with paragraph (1), such a waiver is appropriate,”.

Page 6, line 21, redesignate paragraph (3) as paragraph (4).

Page 6, beginning line 21, insert the following new paragraph:

1 (3) DETERMINATIONS REGARDING PENDING IN-
2 VESTIGATIONS.—Not later than 90 days after the
3 date of the enactment of this Act, the President
4 shall, with respect to any pending investigation con-
5 cerning investment in Iran by a person described in
6 this Act, determine whether or not to impose sanc-
7 tions against such person as a result of such activity
8 and shall notify the appropriate congressional com-
9 mittees of the basis for such determination.

Page 6, line 23, strike “paragraph 2” and insert “paragraphs (2) and (3)”.

Page 8, line 18, insert after “subparagraph (B)” the following: “by striking ‘, with actual knowledge,’ and”.

Page 8, line 20, insert after “subparagraph (C)” the following: “by striking ‘, with actual knowledge,’ and”.

Page 9, lines 3 through 4, strike “, with actual knowledge,”.

Page 9, strike lines 11 through 16.

Page 9, lines 17 through 18 are amended to read as follows: “Section 8 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—”.

Page 10, line 18, insert after “guarantor” the following: “, any other business organization, including any foreign subsidiaries of the foregoing, ”.

Page 11, line 1, redesignate title III as title IV (and conform the table of contents accordingly).

Page 11, beginning line 1, insert the following (and conform the table of contents accordingly):

1 SEC. 206. UNITED STATES PENSION PLANS.

2 (a) FINDINGS.—Congress finds the following:

3 (1) The United States and the international
4 community face no greater threat to their security
5 than the prospect of rogue regimes who support

1 international terrorism obtaining weapons of mass
2 destruction, and particularly nuclear weapons.

3 (2) Iran is the leading state sponsor of inter-
4 national terrorism and is close to achieving nuclear
5 weapons capability but has paid no price for nearly
6 twenty years of deception over its nuclear program.
7 Foreign entities that have invested in Iran's energy
8 sector, despite Iran's support of international ter-
9 rorism and its nuclear program, have afforded Iran
10 a free pass while many United States entities have
11 unknowingly invested in those same foreign entities.

12 (3) United States investors have a great deal at
13 stake in preventing Iran from acquiring nuclear
14 weapons.

15 (4) United States investors can have consider-
16 able influence over the commercial decisions of the
17 foreign entities in which they have invested.

18 (b) PUBLICATION IN FEDERAL REGISTER.—Not
19 later than six months after the date of the enactment of
20 this Act and every six months thereafter, the President
21 shall ensure publication in the Federal Register of a list
22 of all United States and foreign entities that have invested
23 more than \$20,000,000 in Iran's energy sector between
24 August 5, 1996, and the date of such publication. Such
25 list shall include an itemization of individual investments

1 of each such entity, including the dollar value, intended
2 purpose, and current status of each such investment.

3 (c) SENSE OF CONGRESS RELATING TO DIVESTI-
4 TURE FROM IRAN.—It is the sense of Congress that, upon
5 publication of a list in the relevant Federal Register under
6 subsection (b), managers of United States Government
7 pension plans or thrift savings plans, managers of pension
8 plans maintained in the private sector by plan sponsors
9 in the United States, and managers of mutual funds sold
10 or distributed in the United States should immediately ini-
11 tiate efforts to divest all investments of such plans or
12 funds in any entity included on the list.

13 (d) SENSE OF CONGRESS RELATING TO PROHIBI-
14 TION ON FUTURE INVESTMENT.—It is the sense of Con-
15 gress that, upon publication of a list in the relevant Fed-
16 eral Register under subsection (b), there should be no fu-
17 ture investment in any entity included on the list by man-
18 agers of United States Government pension plans or thrift
19 savings plans, managers of pension plans maintained in
20 the private sector by plan sponsors in the United States,
21 and managers of mutual funds sold or distributed in the
22 United States.

23 (e) DISCLOSURE TO INVESTORS.—

24 (1) IN GENERAL.—Not later than 30 days after
25 the date of publication of a list in the relevant Fed-

1 eral Register under subsection (b), managers of
2 United States Government pension plans or thrift
3 savings plans, managers of pension plans maintained
4 in the private sector by plan sponsors in the United
5 States, and managers of mutual funds sold or dis-
6 tributed in the United States shall notify investors
7 that the funds of such investors are invested in an
8 entity included on the list. Such notification shall
9 contain the following information:

10 (A) The name or other identification of the
11 entity.

12 (B) The amount of the investment in the
13 entity.

14 (C) The potential liability to the entity if
15 sanctions are imposed by the United States on
16 Iran or on the entity.

17 (D) The potential liability to investors if
18 such sanctions are imposed.

19 (2) FOLLOW-UP NOTIFICATION.—

20 (A) IN GENERAL.—Except as provided in
21 subparagraph (C), in addition to the notifica-
22 tion required under paragraph (1), such man-
23 agers shall also include such notification in
24 every prospectus and in every regularly pro-
25 vided quarterly, semi-annual, or annual report

1 provided to investors, if the funds of such inves-
2 tors are invested in an entity included on the
3 list.

4 (B) CONTENTS OF NOTIFICATION.—The
5 notification described in subparagraph (A) shall
6 be displayed prominently in any such pro-
7 spectus or report and shall contain the informa-
8 tion described in paragraph (1).

9 (C) GOOD-FAITH EXCEPTION.—If, upon
10 publication of a list in the relevant Federal
11 Register under subsection (b), such managers
12 verifiably divest all investments of such plans or
13 funds in any entity included on the list and
14 such managers do not initiate any new invest-
15 ment in any other such entity, such managers
16 shall not be required to include the notification
17 described in subparagraph (A) in any pro-
18 spectus or report provided to investors.

19 **SEC. 207. REPORT BY OFFICE OF GLOBAL SECURITY RISKS.**

20 Not later than 30 days after the date of publication
21 of a list in the relevant Federal Register under section
22 206(b), the Office of Global Security Risks within the Di-
23 vision of Corporation Finance of the United States Securi-
24 ties and Exchange Commission shall issue a report con-
25 taining a list of the United States and foreign entities

1 identified in accordance with such section, a determination
2 of whether or not the operations in Iran of any such entity
3 constitute a political, economic, or other risk to the United
4 States, and a determination of whether or not the entity
5 faces United States litigation, sanctions, or similar cir-
6 cumstances that are reasonably likely to have a material
7 adverse impact on the financial condition or operations of
8 the entity.

9 **TITLE III—DIPLOMATIC EF-**
10 **FORTS TO CURTAIL IRANIAN**
11 **NUCLEAR PROLIFERATION**
12 **AND SPONSORSHIP OF INTER-**
13 **NATIONAL TERRORISM**

14 **SEC. 301. DIPLOMATIC EFFORTS.**

15 (a) UNITED NATIONS SECURITY COUNCIL AND THE
16 INTERNATIONAL ATOMIC ENERGY AGENCY.—The Presi-
17 dent shall instruct the United States Permanent Rep-
18 resentative to the United Nations to—

- 19 (1) work to secure immediate support at the
20 United Nations Security Council for a resolution—
21 (A) requiring Iran to provide unrestricted
22 access for inspectors from the International
23 Atomic Energy Agency to conduct inspections
24 of its nuclear facilities; and

1 (B) providing greater authority to the
2 International Atomic Energy Agency to conduct
3 such inspections; and

4 (2) work to secure support at the United Na-
5 tions Security Council for a further resolution that
6 would call for the imposition of sanctions on Iran if
7 Iran fails to comply with the requirements specified
8 under paragraph (1).

9 (b) PROHIBITION ON ASSISTANCE TO COUNTRIES
10 THAT INVEST IN THE ENERGY SECTOR OF IRAN.—

11 (1) WITHOLDING OF ASSISTANCE.—If, on or
12 after April 13, 2005, an entity subject to the com-
13 mercial laws of a foreign country has more than
14 \$20,000,000 invested in Iran's energy sector, the
15 President shall, until the date on which such entity
16 terminates such investment, withhold assistance
17 under the Foreign Assistance Act of 1961 (22
18 U.S.C. 2151 et seq.) to the government of such
19 country.

20 (2) WAIVER.—Assistance prohibited by this sec-
21 tion may be furnished to the government of a for-
22 eign country described in subsection (a) if the Presi-
23 dent determines that furnishing such assistance is
24 vital to the national security interests of the United
25 States, furthers the goals described in this Act, and,

1 not later than 15 days before obligating such assist-
2 ance, notifies the Committee on International Rela-
3 tions of the House of Representatives, the Com-
4 mittee on Foreign Relations of the Senate, the Com-
5 mittee on Appropriations of the House of Represent-
6 atives, and the Committee on Appropriations of the
7 Senate of such determination and submits to such
8 committees a report that includes—

9 (A) a statement of the determination;

10 (B) a detailed explanation of the assistance
11 to be provided;

12 (C) the estimated dollar amount of the as-
13 sistance; and

14 (D) an explanation of how the assistance
15 furthers United States national security inter-
16 ests.

17 (3) DEFINITION.—For purposes of this sub-
18 section, the term “assistance” means assistance to
19 or for the benefit of a government of any foreign
20 country that is provided by grant, concessional sale,
21 guaranty, insurance, or by any other means on
22 terms more favorable than generally available in the
23 applicable market, whether in the form of a loan,
24 lease, credit, debt relief, or otherwise, including sub-
25 sidies for exports to such country and favorable tar-

1 iff treatment of articles that are the growth, prod-
2 uct, or manufacture of such country. Such term does
3 not include assistance of the type authorized under
4 chapter 9 of part 1 of the Foreign Assistance Act
5 of 1961 (22 U.S.C. 2292 et seq.) (relating to inter-
6 national disaster assistance).

Page 11, line 2, redesignate section 301 as section
401 (and conform the table of contents accordingly).

Page 11, line 7, redesignate section 302 as section
402 (and conform the table of contents accordingly).

Page 11, beginning line 12, strike “and that are op-
posed to the non-democratic Government of Iran”.

Page 13, strike lines 23 through 25.

Page 15, line 1, redesignate section 303 as section
403 (and conform the table of contents accordingly).

Ms. ROS-LEHTINEN. Thank you. I have addressed the content, as well as Mr. Ackerman has, of the en block amendments in our opening remarks. The en block amendments include comments and recommendations the Subcommittee staff received from the Subcommittee Members.

Are there any amendments to the amendment en block?

Mr. BERMAN. I have one.

Ms. ROS-LEHTINEN. Yes, Mr. Berman? Yes.

Mr. BERMAN. Am I able to take the last word?

Ms. ROS-LEHTINEN. Yes, sir.

Mr. BERMAN. I have one question for staff. In this bill, we codified existing regulations and export controls. We give them the force of statute.

Does that include controls that are generic and apply to a whole variety of countries including Iran, or is it just Iran specifically? I just wanted [inaudible].

Ms. POBLETE. If I may?

Ms. ROS-LEHTINEN. Yes, Ms. Poblete.

Ms. POBLETE. The codification with respect to the proliferation, which is [1][a] of the bill, codifies only those sanctions in effect with respect to Iran proliferation activities.

Section [1][b], which refers to the Export Administration Act, the state sponsors of terrorism list, again, it is only those export controls that are in effect with respect to Iran, or that should be in effect with respect to Iran, because of its terrorism designation and its proliferation designation.

Ms. ROS-LEHTINEN. Thank you, Ms. Poblete. I could not have said it better.

The question occurs on the en block amendments. All in favor say aye.

[Chorus of ayes.]

Ms. ROS-LEHTINEN. All opposed, nay.

[No response.]

Ms. ROS-LEHTINEN. The ayes have it.

Are there any other amendments?

[No response.]

Ms. ROS-LEHTINEN. Having heard of no amendments, the question occurs on the motion to report the bill, H.R. 282, favorably as amended. All in favor say aye.

[Chorus of ayes.]

Ms. ROS-LEHTINEN. All opposed, no.

[No response.]

Ms. ROS-LEHTINEN. The motion is approved, and the bill is reported favorably.

Without objection, this bill will be reported favorably to the Full Committee in the form of a single amendment in the nature of a substitute incorporating the amendments adopted here today.

Without objection, the staff is directed to make any technical and conforming amendments.

Thank you. What a great Subcommittee. Thank you.

Mr. CROWLEY. We will also have an opportunity to offer ours off the record?

Ms. ROS-LEHTINEN. Absolutely. And if I did not say it clearly, I meant to. So the Members are encouraged to submit statements for the record.

Mr. Ackerman, we want you to feel better.

Mr. ACKERMAN. Thank you.

Ms. ROS-LEHTINEN. Okay. Thank you. Thank you, ladies and gentlemen. Thank you, Subcommittee Members. You guys are great.

[Whereupon, at 12:20 p.m. the Subcommittee was adjourned.]

